

**The Blind Spot of Economic Thought:
Seven Acupuncture Points for Shifting Capitalism 2.0 to 3.0**

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The crisis of our time is not about financial or economic bankruptcy. The real crisis of our time is about an intellectual bankruptcy: the bankruptcy of mainstream economic thought. Just as the crumbling of the Berlin Wall in 1989 marked the end of one fundamentalist approach to society and the economy—state fundamentalism or socialism—the bursting of the Wall Street bubble marks the end of another—neoliberal market fundamentalism.

But the public debate and crisis response continue to be framed by the same old categories and assumptions of economic thought that got us into the whole mess in the first place. To paraphrase Albert Einstein’s famous observation, “The significant problems we have cannot be solved by the same type of thinking that created them.” Yet that’s exactly what we are busy trying to do.

There are diverging voices, though. One is the former IMF Chief Economist, MIT professor Simon Johnson. He suggests that at the heart of our current crisis lies not just a banking crisis but also a political power struggle between Wall Street and government.² In a primitive political system, argues Johnson, power is transmitted through violence (military coups, militias, etc.). In a more developed society, power is transmitted through money (bribes, kickbacks, campaign contributions). But in the most advanced societies, according to Johnson, power is transmitted through cultural capital such as belief systems. “Over the past decade,” says Johnson, “the attitude took hold that what was good for Wall Street was good for the country.” That belief system has given Wall Street a de facto veto right over public policymaking that no other group or industry enjoys. Since the beginning of the crisis in fall 2008, this unparalleled influence from Wall Street on Washington has only increased, while the public credibility of the same group of Wall Street leaders has fallen to an all-time low.

Power and Paradigm

Why does the U.S. government appear to be unwilling to implement response strategies that independent economists such as Simon Johnson, or Nobel laureates Paul Krugman and Joseph Stiglitz, have repeatedly suggested: breaking up the financial oligarchy by nationalizing the banks, firing management, cleaning up balance sheets, and then reselling their downsized parts to the private sector?

It seems as if there are two main forces or factors that are getting in the way: power and paradigm. In his article “The Quiet Coup,” Johnson elaborates primarily on the first factor: the close ties and personal networks between Wall Street institutions like Goldman Sachs and key federal institutions like the Treasury and the Federal Reserve. In

² Simon Johnson (2009), “The Quiet Coup,” in *The Atlantic*, May (<http://www.theatlantic.com/doc/200905/imf-advice>).

this paper I focus on the other factor: paradigm. How the taken-for-granted assumptions of conventional economic thought prevent us from asking the tough questions that, if explored, could help us to see the root issues of the economic crisis, how it is connected to the need for global transformation, and how we can shape it in a more intentional way.

The Blind Spot

Figure 1 situates the discourse of the financial crisis in the context of today's other socio-economic challenges: the energy crisis, the water crisis, the food crisis, the security crisis, the leadership crisis, the healthcare crisis, the educational crisis, the climate crisis. You name it. The crisis conversation is happening all over the place. What's interesting is that each of the aforementioned crises has its own discourse, its own NGO (each working with a single-issue mindset), its own conferences, journals, websites, funding mechanisms, programs, and so forth. While all these single-issue groups of change-makers engage in well-intentioned work by mobilizing action for their respective crisis symptoms, there seem to be two missing pieces: one, a discourse *across* these silos about how all of these issues are interconnected, and two, a discourse about the systemic *root causes* that continuously reproduce the whole cluster of crises mentioned above.

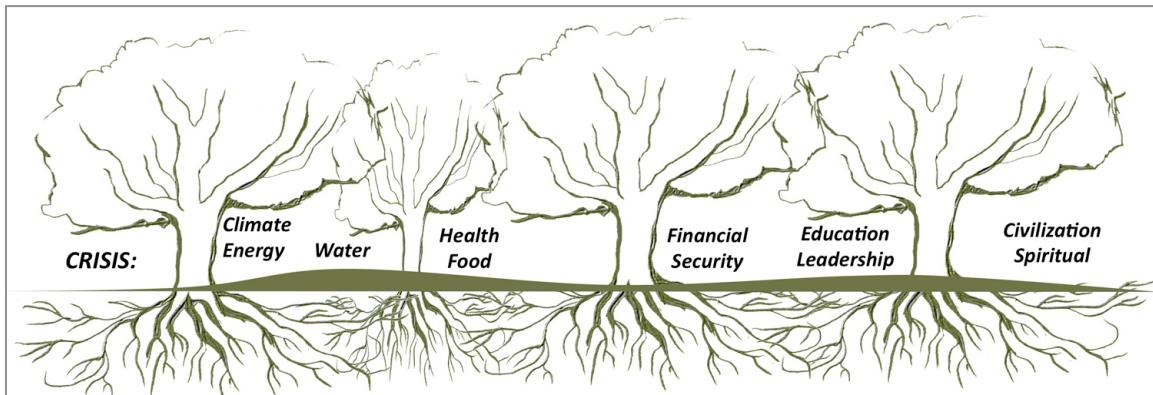


Figure 1: A landscape of current crisis issues

While recently we have seen some positive movement on the first one, the “horizontal” connectedness and interdependence of issues, we still have not seen much movement on the second one, the “vertical” connection—that is, the deep systemic issues that cause the current cluster of crisis symptoms to be reproduced time and again.

I believe that the most important root issue of the current crisis is *our thinking*: how we collectively think about our economic relationships—or rather, how we don't. Never in history have we seen such massive public attention on an economic crisis—how it affects

us and what caused it—a conversation that permeates all countries, cultures, and media channels. And yet, despite the millions of words devoted to it by “experts” on talk shows and in publications, what do we really know about its root causes? One thing that has become increasingly apparent is that the universe of economic thought that we draw on in public conversations is supplied by a very small number of economic theorists and frameworks. Most practical men, as John Maynard Keynes once noted, are “in thrall to the ideas of some long dead economist.”

To explore this vertical causal dimension of the current crisis more fully, we created a research group at MIT’s Green Hub and Presencing Institute to talk to practitioners and thought leaders currently working at the forefront of transforming capitalism by pioneering a green, inclusive, regenerative economy.³ We are now beginning a second track of activities, a series of roundtable conversations among pioneers and thought leaders, in order to deepen our understanding of the current situation, develop and refine frameworks that can mobilize new thinking, different conversations, and collective action, and clarify leverage points that can accelerate the shift to a sustainable, inclusive, and co-creative economy.⁴

What has emerged from these conversations to date is a *landscape* of economic transformation and renewal that captures key elements of the societal changes currently under way. The purpose of this paper is to map out a first version of this emerging landscape so that it can be used to sharpen and focus the discourse going forward.

The overview of the emerging landscape is depicted in figure 2. It shows on the surface level the current cluster of crisis symptoms and then, below the surface, the root issues. The vertical axis of the grid shows three developmental stages of capitalism and economic thought. Obviously, there are many ways of differentiating economic stages. In this case I use the terminology of capitalism 1.0, 2.0, 3.0 suggested by Peter Barnes (2006), because it’s simple and it reminds us that we need to do the same thing with our social and economic institutions that we are used to doing with our computers: *update the*

³ The research group was formed in January 2009 and has conducted 30 interviews and one local living economy immersion journey to date. The results will be posted on a website by the end of June.

⁴ The first MIT Green Hub Roundtable will take place June 8–9, 2009. Participants include: Peter Blom, Triodos Bank; Rebecca Henderson, MIT; Phil Thompson, MIT; Gar Alperovitz, University of Maryland; Mary Houghton, Shore Bank, Chicago; Ron Grzywinski, Shore Bank; Gregor Barnum, SeventhGeneration; Peter Teague, NCF; Dayna Cunningham, MIT/PI; Nelson Johnson, Beloved Community Center; Ron Phillips, CEI; Gerry Hudson, SEIU; Katrin Kaufer, MIT/PI; Manish Srivastava, PI; Otto Scharmer, MIT/PI. The interviews, Roundtable results, working papers, and other resources will be posted on a project website starting at the end of June 2009.

*operating system.*⁵ Here is a brief overview of the three stages:⁶

- Capitalism 1.0: The original “free-market” or “laissez-faire” capitalism that has produced phenomenal growth as well as massive negative externalities in the form of poverty, environmental destruction, and periodic currency crises. The societal response to these crises led to ...
- Capitalism 2.0: A more regulated stakeholder capitalism in which the major areas of negative externalities are addressed through social security systems, labor unions, international labor and environmental standards, Federal Reserve banks, etc. All these institutions are designed to do the same thing: limit the “free” markets such that negative externalities are minimized.⁷ While the main focus of capitalism 1.0 is on growth, the main focus of capitalism 2.0 is on redistribution in order to sustain society as a whole. The problem with capitalism 2.0 is twofold: one, it never really worked outside the boundaries of the OECD countries. And two, it does not appear to be working to mitigate the current global externalities. Which brings us to our current transformational phase, moving toward ...
- Capitalism 3.0: An (as-yet-unrealized) conscious, inclusive, sustainable economy that significantly upgrades the capacity for collaborative intelligence and innovation throughout all core societal systems and eco-systems.

The main point about the evolutionary stages of capitalism is that each system is based on a different state of awareness among its players. In capitalism 1.0, it is an ego-system awareness: “It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self-interest,” as Adam Smith put it so eloquently. “We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.”⁸

In capitalism 2.0, this self-interest is widened and mitigated by the self-interest of other stakeholders that organize for collective action to bring their interest to the table through labor unions, government, non-governmental organizations, and so forth.

In the emerging 3.0 stage of our economy, there is a shift of awareness that extends the natural self-interest of the players to the entire eco-system. Eco-system awareness means having the ability to operate with a mind that perceives a problem from all of the

⁵ For a fuller explanation of what is meant by capitalism 1.0, 2.0, and 3.0, see the book by Peter Barnes (2006), *Capitalism 3.0* (San Francisco: Berrett-Koehler).

⁶ I use the terms capitalism 1.0, 2.0, 3.0 a little differently from the way Barnes does. My focus on the stages is based on the differentiation of new coordination mechanisms as explained below.

⁷ Karl Polanyi (1944, 1957), *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon Press).

⁸ Adam Smith (1776, 1904), *An Inquiry into the Nature and Causes of the Wealth of Nations* (London: Methuen & Co., Ltd).

The Blind Spot of Economic Thought

perspectives in a given system or community (rather than only from one's own) and to internalize the concerns and issues of the other players in one's own decision making. This internalization of the externalities of other stakeholders is already happening across industry value chains today. For example, sustainable supply chain projects and fair trade consumer movements extend their consciousness from a narrow (personal or corporate) ego-system awareness to an eco-system awareness that includes players along the whole value chain.⁹

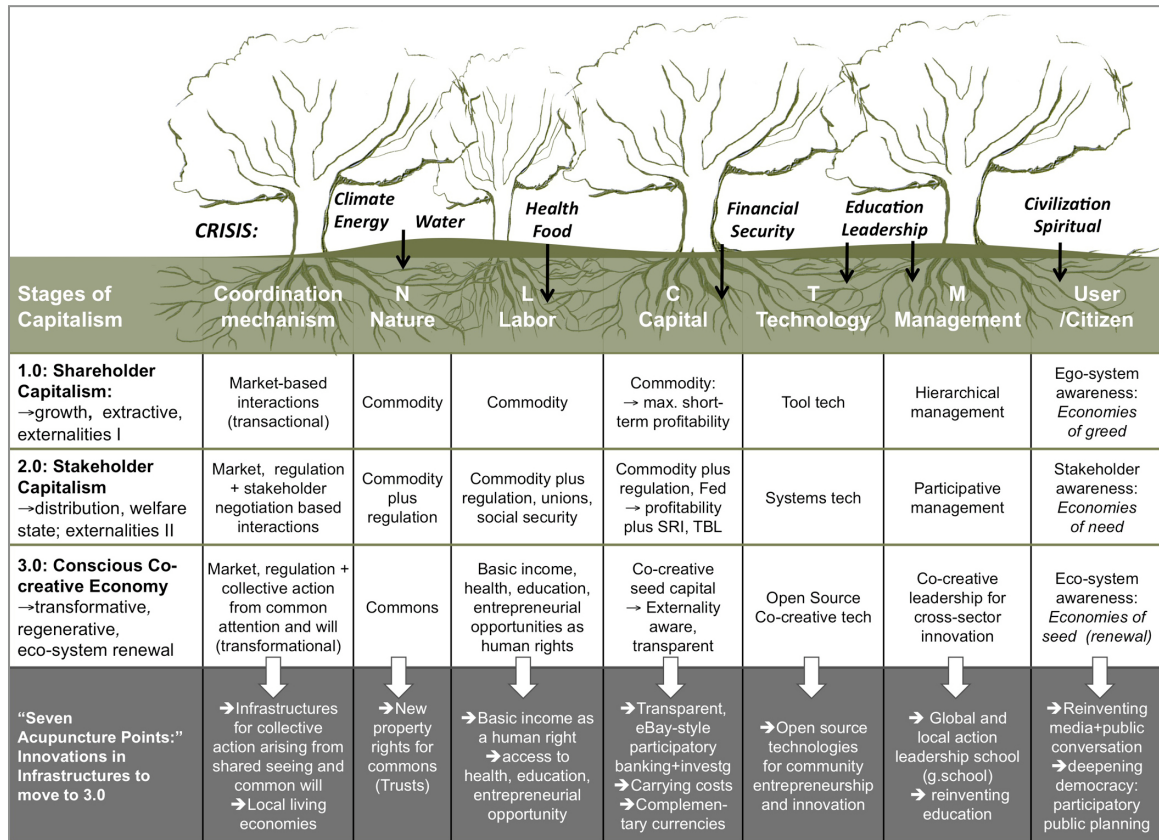


Figure 2: A structural landscape of socio-economic transformation

The awareness of decision makers and its impact on the coordination of a system is not well reflected in conventional economic theory. Neoclassical economists work with given preferences and know little about the state shifts in human awareness and consciousness

⁹ See as an example the Sustainable Food Lab, a multi-sector initiative that includes more than 70 organizations (<http://www.sustainablefoodlab.org/>).

and how they influence human behavior.¹⁰ Yet, for leadership teams in global companies, international institutions, and local communities, change work is *all about* shifting the state of awareness from an ego-system to an extended stakeholder situation or, in some cases, to the larger eco-system. That work is leaders' and change-makers' job number one: to help people let go of their narrow ego-system awareness and embrace the larger forces of change. Although this deeper aspect of organizational change work is paramount in leadership practice today, the respective state shifts in collective attention and awareness do not register as a relevant category in existing economic frameworks. That points us to what may well be the biggest blind spot in economic theory today: *consciousness*—that is, the human awareness and attention that coalesce when a community of people or players goes on a journey of transformational change.¹¹

Evolutionary stages of capitalism

The British historian Arnold Toynbee conceived of societal progress as an interplay of challenge and response: structural change happens when a society's elite can no longer respond creatively to major social challenges and old social formations are replaced by new ones. Applying Toynbee's framework of challenge and response to the socioeconomic development in the West, we can, in a very simplified form, review its evolution as follows (see Table 1).

The Stability Challenge: The Rise of the Public Sector

Think of Europe at the end of the Thirty Years' War in 1648 or Russia after the October Revolution in 1918, or China after the Chinese Civil War in 1949, when the rise of a strong state and public sector provided a vital coordination mechanism that allowed the allocation and distribution of scarce resources in line with the developmental priorities as perceived by the elites of each country. In that regard, we can view 20th-century socialism in the Soviet Union not as a post-capitalist stage of the economy (according to Marxist theory) but as a pre-capitalist (that is, mercantilist) one.¹²

¹⁰ For a detailed discussion of state shifts in human awareness across social systems, see O. Scharmer (2007, 2009), *Theory U: Leading from the Future as It Emerges* (San Francisco: Berrett-Koehler).

¹¹ For more detail, see *ibid.*

¹² I owe this idea to a lecture that the peace researcher Johan Galtung gave during the Peace Studies Around the World program in 1989–90, which he jointly organized with a group of students from ten different countries (and which I co-led).

The Growth Challenge: The Rise of the Private Sector (Capitalism 1.0)

The good thing about a state- and public-sector-driven society is its stability; the downside is its lack of dynamism. Accordingly, the more successfully the stability challenge has been met, the more likely there will be, sooner or later, a shift of focus from stability to growth. To fuel economic growth, we see the introduction of markets, competition, and private property rights. These changes facilitated an unprecedented era of economic growth and massive industrialization.

Table 1: Stages of the Western Economic Evolution, Its Institutions, and Its Sources of Power
(source: Scharmer 2009)

Stages of Economic Evolution	Challenge	Response: Primary coordination mechanism	Differentiation of Sector/Player	Differentiation of new source of power
17th–18th Centuries: <i>Pre-capitalist.</i> Mercantilist/state-driven	Stability	Regulation/ plan	<u>State/government</u>	Sticks
18th–19th Centuries: <i>Capitalism 1.0.</i> Capital/Shareholder-driven	Growth	Market/ competition	State/government; <u>Capital/business</u>	Carrots
19th–20th Centuries: <i>Capitalism 2.0.</i> Stakeholder interest-driven	Externalities	Negotiation/ dialogue	State/government; Capital/business; <u>Civil society/NGO</u>	Norms
21st Century: <i>Capitalism 3.0.</i> Shared eco-system-awareness-driven	Global externalities	Collective action arising from shared awareness and common will	State/government; Capital/business; Civil society/NGOs; <u>Cross-sector communities of creation</u>	Actions that arise from presencing of the emerging whole

The Externality Challenge: The Rise of the Civic Sector (Capitalism 2.0)

The good thing about a purely market-driven economy and society is its rapid growth and dynamism; the downside is that it has no means of dealing effectively with some of the major negative externalities that accompany it. There are two types of negative externalities: those that affect the players within a system and those that affect the players outside it. System-interior (Type I) externalities include worker poverty (an issue of distribution), prices of farm products that fall below the threshold of sustainability (an issue of protectionism), and fluctuating currency exchange rates (an issue of capital destruction).¹³ Corrective mechanisms to deal with these issues give rise to labor unions, labor rights, social security, protectionism, and reserve banks, all of which are designed to do the same thing: limit the market mechanism when its results are dysfunctional or unacceptable and redirect governance by introducing negotiated stakeholder agreements as a third coordination mechanism that complements the two existing ones (markets and regulation).

Examples of system-exterior (Type II) externalities include the destruction of nature, the destruction of opportunities for future generations, and the misery and poverty of the 3 to 4 billion people who live at the “base of the global pyramid.” These Type II issues are much harder to deal with because the stakeholders involved do not have a voice in the normal political process, as workers have when they organize in unions or as farmers have when they lobby for protection. Type II challenges have entered the political process through the mobilization of people-driven movements to deal with each of these problems, resulting in the formation of NGOs (non-governmental organizations) or CSOs (civil society organizations) that focus on issues such as the environment (nature), sustainability (future generations), and poverty. The movement around Type II externalities began to show up as a large-scale social phenomenon only in the last third of the twentieth century and resulted in the emergence of global NGO players only during the 1990s and the first decade of this century, along with another massive wave of globalization after the end of the Cold War in 1989. Today there exist between 1 and 2 million NGOs worldwide that monitor businesses and governments to watch out for and respond to misbehavior relating to environmental and social externalities. It probably is the biggest movement this planet has ever seen.¹⁴

¹³ Polanyi (1944), *ibid.*

¹⁴ Paul O. Hawken (2007). *Blessed Unrest: How the Largest Movement in the World Came into Being and Why No One Saw It Coming* (New York: Viking).

The Global Externality Challenge: Eco-system Innovation (Capitalism 3.0)

The good thing about the European style of stakeholder capitalism 2.0 is that it deals with the classical externalities through wealth redistribution, social security, environmental regulation, farm subsidies, and development aid; the downside is that in an age of globalization and changing demographics, many of these mechanisms appear to be no longer feasible in the long run, particularly if applied to Type II global externalities outside one's own system. Therefore the challenge that most societies face is how to create new response mechanisms that deal with both Type I and Type II externalities in a way that generates and strengthens individual and communal entrepreneurship and creativity rather than subsidizing their absence.

Table 1 summarizes the above line of thought. A primary challenge defines each developmental stage; each challenge required society to respond by creating a new coordination mechanism (central plan, market, stakeholder-negotiation), which then led to the rise of a new primary institutional actor (government, business, NGO) and source of power (sticks, carrots, norms). Each of these configurations also came with a unique geometry of power from centralized (central plan and hierarchy) to more decentralized forms (markets and competition) to forms negotiated around stakeholder interest (negotiation and dialogue). The last row continues the same developmental perspective into the currently emerging stage (3.0).

Transforming the core categories of economic thought

While Table 1 sheds some useful light on the evolution of capitalism from a historical-sociological perspective, it does not tell us much about how to spell out capitalism 3.0 more fully. To understand that deeper territory of structural change we need to return to figure 2, which maps the transformation landscape from an attention-and-consciousness-based economic framework. The matrix in figure 2 depicts the three stages of capitalism (and consciousness) along the vertical dimension and seven key categories of economic thought along the horizontal dimension.

Looking at that grid, we see immediately what the problem is with the current economic discourse in the U.S.: it focuses on the wrong topic. It focuses on the 20th-century debate between capitalism 1.0 (usually fueled by a free-market-centric ideology from the conservative side) and capitalism 2.0 (usually fueled by a government-centric ideology from the progressive side). But that was last century's debate. After the collapse of the Berlin Wall (and state fundamentalism), and in this century since the meltdown of Wall Street (and market fundamentalism), we face a different problem: how to move from the ideological either-or debate to a pragmatic both-and integration as part of an upgrade to

capitalism 3.0, which would allow it to cope with the new challenges of this century better, faster, and with fewer catastrophic side effects.

The grid in figure 2 shows that as capitalism transforms from 1.0 to 2.0 to 3.0, so does economic thought. In capitalism 1.0 the key concepts of economic thought were framed within the paradigm of “free” markets and ego-system awareness. In capitalism 2.0 they have been framed within the paradigm of regulated markets, mitigated stakeholder interests, and increased externality awareness. In the emerging 3.0 stage of global economic development, I believe, they will be framed by a paradigm of collective leadership, deep systems transformation, and collective action that arises from shared awareness and common will.

Perhaps the most important research question of our time is how to spell out the last two rows in the matrix of figure 2: how to *rethink* the key categories of economic thought in light of the 21st-century societal challenges that call for a systemic shift in collective awareness and action; and how to identify practical *leverage points* that, if focused on, could shift the system from 2.0 to 3.0. I call them “acupuncture points” because that term emphasizes that the transformation requires a *set* of interrelated system interventions.

In the remainder of the paper I outline some discussion starters on each of these points: how to rethink our key categories of economic thought and reinvent our change interventions accordingly.

(1) Coordination: Collective Action Arising from Common Attention and Will

The first acupuncture point concerns the evolution of coordination mechanisms that navigate the global distribution of labor today. In capitalism 1.0 we respond to this coordination problem with “markets and competition.” In capitalism 2.0 we realize that the enormous growth that competition unleashed came with unintended side effects, such as poverty. Hence, capitalism 2.0 offers a second, complementary solution: regulation, standards, regulatory agencies (like the Fed), and negotiations among organized interest groups (such as labor unions and employers) that helped to increase the overall fairness, equity, and effectiveness of the system. This shift happened in Germany mainly during the 1880s with Bismarck’s introduction of social security legislation. It happened in the U.S. mainly in 1933–36 with FDR’s New Deal. In both cases it resulted in a 2.0 type of capitalism in which government and organized stakeholder groups created standards, conditions, and resource redistributions that allowed the forces of competition to work with fewer negative side effects.

Today that system, which worked well in the West (OECD) for much of the 20th century and didn’t work almost everywhere else, is hitting the wall of global externalities (e.g.,

climate change), the well-being of future generations, and the survival of non-human species. That's where the 2.0 model ends.

If we look at the huge and historically unparalleled transformation challenge that is ahead of us (over the next decade or two), and at the very modest current rate of progress on climate change, poverty, and other externalities, there is really no question that what we need now is a massive *transformational shift* in collective awareness and attention that can spark a different and deeper level of collective response—locally, regionally, nationally, and globally.

We need massive public and private investments in new infrastructures that hold, enable, and facilitate this deeper response. These new infrastructures are needed in place-based communities like city eco-systems (as we see in the local living economy movement, among others), but also in more distributed situations like business eco-systems, where such an enabling infrastructure should link all players along the value chain, from sourcing raw materials to the end consumer. The whole web of relationships around specific systems needs to become more transparent and reflective (open-minded), more empathic and inclusive (open-hearted), and more action oriented and willing to lend a hand (open-willed).

Just as the transition from capitalism 1.0 to 2.0 was facilitated by a set of institutional innovations (like the Fed or the social security system), we now need the next set of institutional innovations to enhance the intelligence of the existing coordination mechanisms in our economy (regulation, markets, stakeholder negotiations). We need infrastructures that facilitate the evolution of a new coordination mechanism that revolves around *collective action arising from shared attention and common will*.¹⁵

We already see early-stage prototypes of this new coordination mechanism emerging. We see it in local living economies where citizens and small business owners pull together to collectively create a new type of local economy. We saw it after the Wall Street meltdown in fall 2008 when the world's leaders almost instantly created a new forum for discussing and addressing the crisis together. We see other small versions of this new coordination mechanism arise spontaneously whenever a disaster response is necessary: people know that most of the other mechanisms are broken or insufficient and that action is needed immediately. So what do we do in emergencies? We come together, look at the situation, decide collectively and quickly what needs to be done next, and then without any abstract coordination, we move to collective action in an instant—that is, to each one doing

¹⁵ For a detailed discussion of the terms open mind, open heart, open will, see: Scharmer (2009), *ibid*.

his part in responding to the need. In these cases the coordination mechanism is not an abstract entity that is separate from the reality on the ground (like price mechanisms or government regulation); in these cases the collective action emerges from the shared body of collective attention and common will that *links* all the players in the system to the situation on the ground in real time.

The problem we have today is that this mechanism, the shared body of collective attention and common will that links the key players and policy makers to the situation on the ground, is a largely missing resource. It's a missing link that often prevents movement from high aspirations to better conversations and from better conversations to transformative action.

I see three structural possibilities for prototyping this coordination mechanism for collective action arising from shared attention and common will: (1) setting up place-based communities such as city ecologies; (2) developing social- or business-ecosystem-based configurations such as food systems, health systems, or educational systems; and (3) policymaking and innovation in participatory planning and direct democracy that involve all players and all voices within their respective systems.

(2) Creating Property Rights for Our Life-Essential Commons

The second acupuncture point concerns the evolution of property rights. Markets without private property rights are not very effective, as we learned from the Eastern European transition in the 1990s and from economist Hernando de Soto from his many years of experience in Peru and other countries.¹⁶ As an economy evolves to stage 2.0, growing concern about externalities results in government playing a more active role in managing and protecting important social or natural commons (e.g., national parks, social security, public schools). Yet when an economy is on the verge of stage 3.0, society faces a whole new set of challenges that cannot be fixed by mere privatization (as we learned from the collapse of market fundamentalism in 2008), or by mere government (as we learned from the collapse of state fundamentalism in 1989).

So what do we do? If we look at the big picture we can see what the problem is. The problem is that the private costs are different from the social costs.¹⁷ That is what economists call externalities. A company polluting the air does not pay for using the limited capacity of that global commons. A farmer does not pay for poisoning the

¹⁶ Hernando de Soto (2002), *The Other Path: The Economic Answer to Terrorism* (New York: Basic Books).

¹⁷ See interviews with Rebecca Henderson (2009), and Jeffrey Hollender (2009). URL.: ... (complete reference)

groundwater when he uses pesticides and herbicides. Nor does the agri-business that produces the fertilizers pay for the carbon emissions that result from the energy-intensive way of producing them. The organic farmer next door, who does not use (de facto subsidized) pesticides, herbicides, and fertilizers, sells his products for a higher price than the conventional farmer, although conventional farming, if we counted all the hidden social, health, and ecological costs, is much more expensive to society in the long run. So the problem is that private costs do not reflect the true social and environmental costs, because we do not account for natural, social, and cultural capital. What can we do about it?

Peter Barnes, author of the book *Capitalism 3.0*, has suggested bringing in these missing voices through the creation of a new class of property rights: *common* property rights. These rights could be effectively implemented through trusts that would own these property rights and receive funds (from cap-and-trade for carbon emissions, for example) and distribute them to citizens (one person, one share), communities, and in parts to the government for public infrastructure investment.

An example of such a commons-based trust is the Alaska Permanent Fund, a constitutionally established fund that is managed by a semi-independent corporation. The Permanent Fund receives at least 25% of the revenues from some minerals (such as oil and gas), which it sets aside to benefit current and future generations of Alaskans. The fund grew from an initial investment of \$734,000 in 1977 to approximately \$28 billion as of March 2008. Each year the fund's realized earnings are split between inflation-proofing, operating expenses, and the annual Permanent Fund dividend (which amounted to \$2,068 per citizen in 2008).

The point about trust-based community property rights is that they don't operate like a company (which tends to be driven by profits over the short term: the next quarter) or like a government (which tends to be driven by special interest groups over the short and medium term: the next election). A trust and its independent trustees are accountable to the long-term sustainability of the specific commons that they manage for the next generation. The creation of a new class of commons-based property rights would institutionalize the voice of those who are by and large voiceless (future generations).

On a personal note, my family and I chose to transfer a privately owned family farm to a trust-like ownership form that is designed to sustain the mission of the farm, which is sustainable agriculture, education, and societal awareness creation. With the new trust-based ownership structure we were able to attract much better resources, investments, and partners who were interested in pioneering new social, economic, and ecological practices. What we "lost" was the ability to turn that piece of private property into cash; but we "gained" a piece of common property that now is better prepared to partner,

pioneer, and innovate new practices for the 3.0 stage of the economy.¹⁸ So what first, in terms of ownership, may look like a loss is in reality a mechanism for opening up new possibilities.

(3) Creating Basic Income + Access to Health, Education + Entrepreneurial Opportunity

The third acupuncture point concerns the evolution of labor and income. What is the big picture here? The planet has 3–4 billion people who live in poverty (on less than two dollars a day). Do we lack the products to take care of those 3–4 billion people whose basic needs are largely unmet? Not at all. In fact, as a global economy, we currently have an oversupply of products and production capacity in most industries. We have more stuff than we can sell.

What then is the problem? It's income. People don't have the income to purchase what they need. Why not? Because our thinking about income is still stuck in stage 1.0. Because we think that only those who work in the formal sector should earn an income. That is the mental model. But the reality is far from that. Most income today is paid from sources other than work in the formal sector (such as transfer payments or interest or rent from asset ownership).¹⁹ So if we can afford to transfer trillions of dollars to the Wall Street financial oligarchy, why can't we afford to transfer some modest amount to those who suffer the most in any kind of crisis: the marginalized and poor who lack the financial buffer to absorb the contraction in the economy and to weather the downturn.

So the bigger picture comprises four fundamental facts:

- (a) Poverty: 3 to 4 billion citizens of our global community, more than half of us, live in poverty.
- (b) Underconsumption: we produce much more than we can sell.
- (c) Unemployment: billions are unemployed, and dozens or hundreds of millions join that pool every year.
- (d) The commons: we have tons of work to do in all of our communities and in preserving the commons, but we can't find people to do it.

These four issues share one common element: lack of income—lack of income to meet basic needs, to buy products, to create jobs and entrepreneurial opportunity, and to get the work done.

So how do we develop more innovative ways to link and address these four issues? Waiting for growth to happen and trickle down (the 1.0 response) is not a viable option.

¹⁸ www.dannwisch.com.

¹⁹ Get data.

Not only because that has been already tried, but also because the side effects start killing us: today we use the equivalent of 1.3 planets to provide the resources we use and to absorb our waste.²⁰ This means that it takes the Earth one year and four months to regenerate what we use in a year. Given the urgency of the current situation we know that just waiting for more regulation and conducting more stakeholder dialogues, although necessary, will not do the trick.

The basic challenge we are up against is this: are we willing to accept that we are not separate from each other, but are economically and socially a highly interdependent and interwoven field of relationships and communities? And if we agree that that multi-level connection exists, are we willing to lend a hand to each other? If the answer to that is yes, then the highest-leverage economic intervention would be to simply create a human right to a basic income for every human being that, if combined with free or inexpensive access to health and education, would create a more level playing field that gave everyone a chance to pursue their aspirations and dreams.

A few centuries ago, most of us would have been working in a very dependent situation (as slave, servant, or peasant). Then industrialization would have moved many of us out of that state and we would have worked our way up through labor. But conventional labor is just another form of dependence: you don't sell your body, but you sell your time (1.0). Then, with regulation, labor standards, and labor unions, things improve, but you are still dependent, though in a more advanced form (2.0). So what would labor look like in capitalism 3.0? You would be independent; that is, you would be an entrepreneur, not selling your time but selling products or services, either individually or collectively, through shared company ownership. So the question is how to create conditions that would allow all people, rather than just a few, to create their economic livelihood by having access to all these options?

(4) Creating Open, Transparent, and Externality Aware Movements of Capital

The fourth acupuncture point concerns the evolution of money and capital. The main problem with our current money system, according to Bernhard Lietar, author of *The Future of Money*, is that it is too efficient.²¹ It focuses too narrowly on short-term financial profitability at the expense of a whole host of unintended side effects that damage the longer-term health, resilience, and survival capacity of the system. In the financial sector the single-minded quest for short-term financial profitability has led to a set of institutions that now are “too big to fail” and that engage in a type of Wall Street capitalism that Paul Krugman has called “heads I win, tails you lose.” The “I win” part of that principle led to an average annual compensation of \$590 million per person for the

²⁰ http://www.footprintnetwork.org/en/index.php/GFN/page/world_footprint/.

²¹ Bernhard Lietar, interview in *brandeins*, get reference.

top 50 Wall Street investment bankers in 2007. The “you lose” part of that same principle has dealt the taxpayers a multi-trillion-dollar bailout bill. In short: we see a privatization of profits and a socialization of losses. But it’s worse than that: even the taxpayers’ bailout money was used by Wall Street bankers to pay \$18 billion to themselves in the form of bonuses.

Those are the symptoms. But what is the bigger picture here? What is the real function of money? How does the financial sector relate to the real economy? When the profits of the financial sector jumped from below 16% of domestic corporate profits (1973–1985) to 41% in the first decade of this century, does that mean that the financial sector added that much more *real value* to the economy? When the Fed lowered the interest rate to 1% in 2003, which in turn pumped enormous amounts of money into the economic system and sparked a \$30 trillion stock market boom from 2003 to 2008, did the financial sector create \$30 trillion worth of *real economic value*? Or was it just another bubble? When that bubble burst, and the same \$30 trillion got wiped away (plus an additional \$10 trillion or so in the housing market) during the following 12 months, does that mean that \$40 trillion of *real value* got destroyed?

What we forget when we hear Wall Street bankers talk about the ‘value’ they ‘create’ is a simple truth: money is not a commodity. Money has *no value* without the real economy that it relates to. Imagine an economy based on Wall Street but no Main Street. It’s worth nothing. Now imagine the reverse: Main Street without Wall Street. Now you see an economy where people still produce and consume goods and services, but they lack the connective tissue that money provides. Hence they quickly turn to bartering, alternative currencies, or cell-phone- or Web-based ways of directly linking borrowers and depositors.

If money is not a commodity like other products and therefore needs to be managed differently, what then is it? Money embodies the relational dimension of the economy. Money gives us the right to buy and consume a certain fraction of the value (goods and services) that the real economy has generated in a given period. Money is a medium that keeps us connected within the globally distributed division of labor. Money is to the real economy what the circulatory system is to the human body. It keeps the parts of the system connected and alive. That means that the institutions that guide the circulation of money across the collective economic body must do so in the same spirit: serving the whole system rather than extracting from it and exploiting it. Mindlessly pumping money into a system that leads to a \$30 or \$40 trillion bubble does not serve the real economy (although it may earn the chairman of the Fed reappointment). Extracting profits from the real economy that rise from 10% to 41% of domestic corporate profits does not serve the real economy either. Extracting a paychecks of more than half a billion dollars per year also doesn’t serve the real economy. It’s obscene. All these behaviors demonstrate the opposite of serving the whole economic system; they are looting it.

The core of my argument, though, is not aimed at individual ethics. It is aimed at systems design. Today we have a system that accumulates an oversupply of money and capital in areas that produce high financial and low environmental and social returns, while at the same time we have an undersupply of money and capital in areas that serve important societal and community investment needs but provide low financial returns along with high social returns (such as the education of children). That's the situation now: we've got too much money where we don't really need it, and we don't have enough where we urgently need it.

Why is that so? Because the current system is designed to do just that. We need to rethink and then redesign that system so that it is better balanced. If we don't do that, we know that the next bubble burst, meltdown, and trillion-dollar bailout are just around the corner. We need to replace a system that is designed to extract with one that serves the various sectors of business and society according to their different developmental and financial needs and capacities.

Can we rethink money so that it better serves economic and societal needs? Yes we can. Here are a few examples. During the 1944 Bretton Woods Conference, John Maynard Keynes suggested a form of “carrying costs” to better balance the surplus and the deficit countries in international trade and currency exchange. The carrying costs would be applied against the surplus countries to work de facto as negative interest (your surplus shrinks). If applied more generally, carrying costs (or shrinking surpluses) could incentivize to move capital from the high-profit and low-social-return sector to the low-profit and high-social-return-sector of the economy—or even to the gift-giving economy, which provides extremely low financial but very substantial social or ecological returns. It's what Bill Gates and Warren Buffett decided to do in transferring the lion's share of their wealth to the Bill and Melinda Gates Foundation, which in turn puts it to work in social-mission-driven projects and enterprises. While this is a generous gesture by extraordinary individuals, a redesigned money system could help to address the fundamental imbalance between the oversupply of profit-extracting capital on the one hand and the undersupply of regenerative or gift-giving capital on the other hand in a more systemic way.²²

A second example is the suggestion to create *complementary currencies* that would favor the local living economy, which in turn would come with many positive ecological and social externalities.²³ A complementary local currency can also help to reduce the risk of periodic currency crises. An example is the Toronto dollar system, which is fully backed

²² At the root of the issue that the Keynesian concept of carrying costs addresses is the problem of compound interest—that is, “money breeds more money.” New designs of money systems that are more externality-aware will have to address this systemic root issue one way or another.

²³ Lietar, *ibid.*

by Canadian dollars; participating merchants are free to exchange the Toronto dollars for Canadian dollars.²⁴

A third example is the suggestion to replace Wall Street with more open, transparent, Web-based platforms that would allow lenders and borrowers to interact directly. Says MIT's Phil Thompson: "I would actually use the Web and some of its new social technology in place of Wall Street as a large-scale mechanism for investment and decision making. . . . Given the option, people will opt for these participatory financial vehicles rather than the structures we have now."²⁵ A number of first prototypes of such a platform already exist, a few of them, like Prosper, with millions of users to date.²⁶

(5) Creating Open Source Technologies for Collective Innovation

The fifth acupuncture point concerns the evolution of technology. Technology and access to technology are critical to accomplishing many complex tasks in 21st-century society. So what is the big picture here? One aspect of it is the really interesting development from proprietary to open source technologies. Another is that the nature of technology itself is changing from serving us as a technical tool (think: a hammer that you use to drive in a nail) to a system (think: Microsoft Office, a tool and system that helps you accomplish a set of related activities but at the same time locks you into that system), to an open source platform (think: the Web) that allows you to join creative, highly collaborative communities (that set you free at one moment and make you dependent on it another).

And a third aspect of the big picture is that the lion's share of global R&D is spent with the goal of commercial profitability, not meeting societal needs (leading, for example, pharmaceutical companies to underserve low-income populations in Africa or energy and car companies to underinvest in sustainable mobility for many years). Looking at the big challenges related to climate change and poverty we know that two things are necessary: to mobilize or redirect massive public and private investment into the emerging core technologies of sustainability-related transformation, and to create access to these technologies such that their use can be instantly leveraged globally (in other words, so that the access to these technologies is not slowed down by intellectual property rights that prevent their use in areas of the world that need but cannot afford them). Often these technologies will blend high tech and low tech in ways that generate employment and wealth creation locally rather than substituting labor and extracting profits and added value.

²⁴ <http://www.torontodollar.com>.

²⁵ Interview with Phil Thompson (2009), URL:

²⁶ http://www.prosper.com/welcome/how_it_works.aspx.

These are the reasons that the public- and citizen-directed investment that Phil Thompson talked about can be a very important leverage point, particularly if it creates enabling infrastructures for communities to create their own livelihood.

The essence of technology and the ultimate driving force of the economy is the same: it is the human capacity to create. The original meaning of the word *technology*, which goes back to the Greek work *techne*, is “art,” related to the capacity to create. To create commons that would enable more and more people, and eventually every human being, to connect to that deeper capacity to create is in my view the ultimate goal of technology.²⁷

Among the most important missing technologies to date are social technologies that help groups and stakeholders with diverse backgrounds and interests to create and innovate together. At the Presencing Institute, for example, with that goal in mind we have made the tools of the “presencing” social technology available as an open source platform by offering it as a free download on the institute’s website. This social technology helps diverse groups in complex systems maneuver through a process of sensing, renewal, innovation, and change. The creative commons copyright allows people to use, reproduce, and evolve the material freely and to create a community of practice around the use of the tools.²⁸

At first, the wisdom of such a step may not seem obvious: how can you survive economically if you put your key products into the public domain? But when you think about it, if you are in the business of creating social technologies and want to choose an intellectual property right design that most benefits society, what other option do you have? There is none. Having made that move, you quickly find that new windows of opportunity open up that point you to the next steps.²⁹

(6) A Global Action Leadership School for Pioneering the Green Transformation

The sixth acupuncture point concerns the evolution of leadership and learning. “Graduate education is the Detroit of higher learning. Most graduate programs in American universities produce a product for which there is no market (candidates for teaching positions that do not exist) and develop skills for which there is

²⁷ Martin Heidegger (1996), *Die Technik und die Kehre*, 9th ed. (Stuttgart: Verlag Gunther Neske).

²⁸ See www.presencing.com.

²⁹ In this instance the new opportunity was the creation of an online capacity-building program that serves the user community through a “global classroom.” While the tools are free, the capacity-building program is offered for a fee, which most people are happy to pay; scholarships are available as well.

diminishing demand (research in subfields within subfields and publication in journals read by no one other than a few like-minded colleagues), all at a rapidly rising cost (sometimes well over \$100,000 in student loans).” Those lines appeared in the *New York Times* in a recent OpEd by Mark C. Taylor, chairman of the religion department at Columbia University. But the problem is not just in American universities. It’s in institutions of higher education everywhere.

So if society doesn’t need many of the skills that are taught at the kinds of universities we already have (and if many people can’t pay the price to attend), what would work better? What specific capacities will be mission-critical in this century regardless of whether you go into business, social entrepreneurship, government, journalism, or another line of work? Here is what I have learned about this question.

I have spent the past 15 years observing, facilitating, and co-leading change projects in different sectors, systems, and cultures. What strikes me most about these experiences is that whether you are working with leadership teams in the car industry, the computer industry, the healthcare system, the education system, or government, the basic problem is the same. It is that leaders facing problems respond to them by pulling all of the usual triggers. But more of the same will not be good enough. Leaders and managers face issues that require them to slow down, and even to stop; and then they need to start paying attention, listening, reaching out, listening more, sensing what wants to happen, and reflecting deeply and connecting to an inner source of knowing, the inner place of silence where knowing comes to the surface. And leaders and change makers must do all of that collectively. Then, when a spark of insight or inspiration shows itself, they can focus on that and move with it, quickly creating small-scale prototypes that allow them to explore that spark by doing something, by generating feedback, and by applying what they learn. Those are skills needed today in all jobs, industries, and cultures. And they are skills that, today, can’t be learned on a campus, particularly not as a collective capacity that can be applied in real communities to complex and difficult issues of social transformation and change.

That is the blind spot of higher education today. To fill that blind spot you need to turn the institution inside out. You need to abandon most of the conventional discipline-based knowledge canons. Those canons still represent the Middle Ages in our time. Then, what will be left? Nothing.

And that is where the future begins. That nothingness is the place of possibility, where new learning and a new configuration of the university can take place. Here are three sources that I consider critical for the new configuration of the university: (1) societal challenges: specific *societal challenges* like “urban sustainability

transformation” that frame action research partnerships and situate cross-discipline and cross-sector engagements; (2) students: the questions, aspirations, and *self-knowing* that students bring to the table; and (3) foundational methods and tools: a *social technology* for dealing with the challenges that citizens, organizations, communities, and leaders face, challenges that require us both to reflect the past and to sense and actualize the emerging future. A strong foundation in methods and tools will enable the student to attend, to listen, to think and reflect deeply, to create generative conversations, to move into situations that are unknown, to empathize with others, to apply systems thinking, to connect to the deeper sources of humanity that are in all of us, to crystallize vision and intention, to prototype the new by creating living examples, and to evolve with the changing environment. Add to that some basics in finance, accounting, systems thinking, and some hands-on media technology, and you are well equipped to rise to the occasion of this century’s challenges.

These are also the skills that will catalyze and facilitate the global renewal of communities and societal systems. University campuses rarely develop the skills and webs of relationships that these types of learning make possible. But there are small pockets of people doing this kind of work—individuals, small groups, and networks. What if we could connect these innovative and inspirational people through a new global action research university? What if we gave it a name—something like g.school: a “glocal,” green, generative action research university for pioneering economic transformation and renewal—and gave it a presence on many campuses and in many communities? Maybe this network of places and prototypes could breathe some new life into the dying institution of the old university by putting young people and students into the driver’s seat of social renewal and change.³⁰

Such a g.school would not only prototype the reinvention and renewal of higher education, but also provide valuable practices, methods, and tools to use in the larger task of reinventing and renewing the entire educational system.

(7) Reinvent Public Conversation in Order to Deepen Democracy

The seventh acupuncture point concerns the evolution of ourselves as consumers or users and as citizens. The big picture here is captured by figure 3.

³⁰ For a more detailed description of this proposal, see: g.school@MIT: glocal, green, generative action learning for pioneering economic transformation and social renewal, June 2009, Cambridge, MA.

Figure 3 depicts the communication structures that connect the three main sectors of society: business, government, and civil society. The four circles represent four different types of communication: downloading (one-way, manipulative); debate (two-way, transactional); dialogue (multilateral, reflective); and presencing (multilateral, transformative). When they are applied to the communication structures between the main societal sectors we see the following big picture:

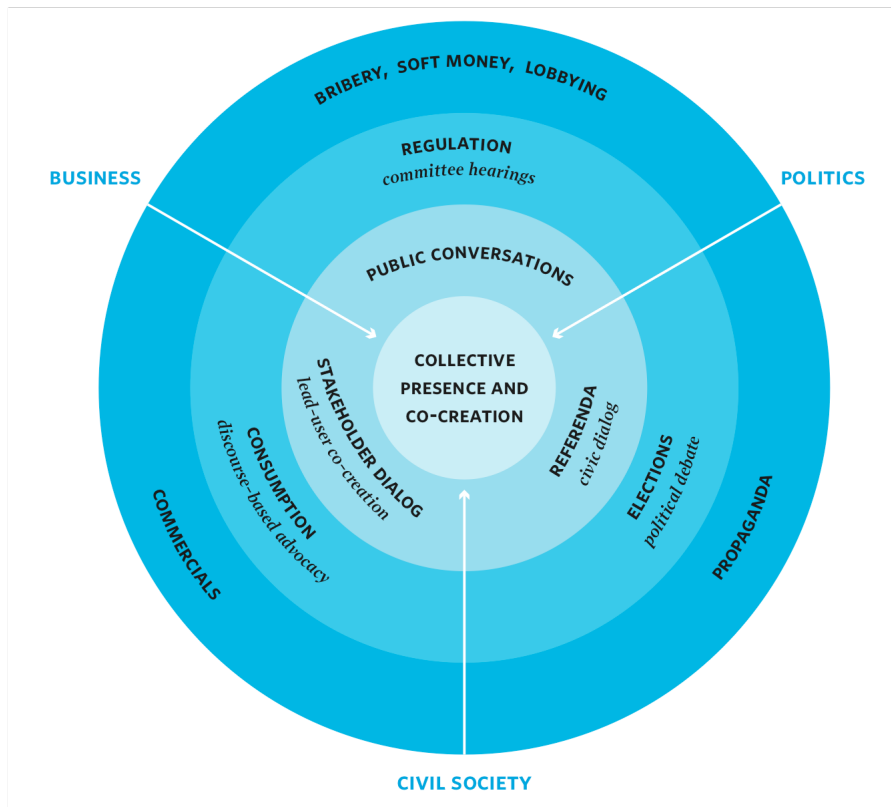


Figure 3: Four types of cross-sector communication: *outer circle*: one way, manipulative (type 1); *second circle*: two way, transactional (type 2); *third circle*: multilateral, reflective (type 3); *inner circle*: multilateral, transformative (type 4); source: Scharmer (2009)

In model 1.0 of capitalism the communication structure is limited to the outer two circles. In fact, during the past decade or so we have seen a lot of type 1 communication across sectors (commercials, propaganda, corruption) at the expense of the other three types of cross-sector conversation. We need to do two things: *reduce* (or stop) the polluting or poisoning noise of type 1 communication and *accelerate* the shift from transactional (type 2) to reflective (type 3) and

transformative (type 4) conversations among stakeholders and sectors. This brings us to the next two models.

In model 2.0 capitalism the communication structure includes the three outer circles and focuses on multi-stakeholder dialogue. While there has been much progress along these lines, most of these forms of engagement don't lead to transformative action, real breakthrough thinking, and collective innovation.

The (as-yet unrealized) 3.0 model of our society would include the three inner forms of conversation. In this model type 1 practices (one way, manipulative: commercials, corruption) would cease. Instead, model 3.0 would focus on creating new infrastructures of collective renewal that would seed and support cross-sector initiatives for profound innovation and change.

Illuminating the Blind Spot

I started this essay by calling our attention to the *intellectual* bankruptcy that underlies the financial and economic bankruptcy of many established organizations and institutions. I suggested that this intellectual bankruptcy is related to how we think about our economic relationships and frame the key concepts of economics. I suggested that the blind spot of economics and economic theory is our own *consciousness*—our state of attention and how it affects our individual and collective behavior. And then I outlined seven categories of economic thought in light of the current challenges and the evolving structures of capitalism and consciousness.

What this investigation makes clear is that we have a split reality: on the one hand, new challenges require us to respond and reinvent ourselves in new ways; on the other hand, we are still using institutional arrangements that reflect the economic rationality of the earlier stages (1.0, 2.0). The American auto industry faces this split reality today: it produces a product for which there is no market and develops skills for which there is diminishing demand, all at a rapidly rising cost. Granted, there are many nuances. Wall Street is different from Detroit, and both are different from the healthcare system and academia. But some of the basic features are the same.

These institutions and systems respond to the current crisis in largely the same ways (see figure 4 below). They can:

1. React: act based on existing habits of action or thought
2. Redesign: change the underlying process or structure
3. Reframe: reflect and change the deep assumptions and mental models
4. Regenerate: reconnect with the deeper sources of energy, inspiration, and Self in

order to reinvent the system

Figure 4 relates these different levels of crisis response to the different dimensions of systems change: the individual (micro); group (meso); institutional (macro); and global ecosystems (mundo).

Levels of and Responses to Change	Micro: ATTENDING (individual)	Meso: CONVERSING (group)	Macro: STRUCTURING (institutions)	Mundo: COORDINATING (global systems)
1. Reacting → Habits → Rule-enacting	Listening 1: Downloading habits of thought	Downloading: Talking nice, politeness	Centralized: Machine bureaucracy	Hierarchy: Central plan, regulation
2. Redesigning → process → rule-revealing	Listening 2: Factual, object-focused	Debate: Talking tough	Decentralized: Divisionalized	Market: Competition
3. Reframing → mental models → rule-reflecting	Listening 3: Empathic listening	Dialogue: Inquiry	Networked: Relational	Negotiation and Dialogue: (Mutual adjustment)
4. Regenerating → Sources → rule-generating	Listening 4: Generative listening	Collective Creativity: Presencing, flow	Ecosystem: Co-sensing and co-creating	Collective Action Arising from Shared Seeing + Common Will

Figure 4: The Matrix of Crisis Response: 4 Levels of Response, 4 Dimensions of Systems Change

How did the Big Three in Detroit and the “too big to fail” institutions on Wall Street reach the point of no return? Each faced challenges that required them to develop a level 3 (reframe) and level 4 response (regenerate), but all they could manage was to react and restructure, maybe redesign (level 1 and 2). They did “more of the same.” They focused on short-term returns and basically ignored the long-term implications and risks.

My respective observations in working with leaders across institutions can be summed up as follows:

- (1) Most institutions, communities and leadership teams today face challenges that cannot be solved with level 1 and 2 responses (reacting, redesigning).
- (2) Most institutions and organizations know a lot about operating with level 1 or 2 responses (reacting, redesigning); they often know something about operating

with a level 3 response (reframing); and they usually know very little about operating with a level 4 response (regenerating).

- (3) Although many leaders realize that a different approach is necessary now (level 4), their respective efforts are usually limited to individuals and groups in their own organizations, and do not include the larger institutional ecology of the whole system.

The new responses that are most necessary now cut across all four levels (reacting to regenerating) and dimensions of systems change (micro to mundo). These responses require the creation of innovation and learning spaces in society. If the challenge is to reinvent the old set of dying institutions across sectors—Detroit Big Three, Wall Street, or the healthcare system—there's one thing we know for sure: none of those groups will do it on their own with the same type of thinking and process that brought them to their current crises. They need a new learning and innovation environment that reconnects their leaders with the realities of the larger eco-system that they want to regenerate.

Co-sensing Infrastructures: Listening the New Into Being

The seven acupuncture points have one thing in common: each provides a mission-critical piece of a new enabling infrastructure. The absence of that infrastructure has prevented the many small examples of progress from going viral.

The presence of such a connective infrastructure of co-sensing and deep listening would create a “place” where the pioneers of all seven acupuncture point areas could meet, listen, learn, see the bigger picture through each other's eyes, and support each other going forward. There they could develop ways to interweave and advance the seven acupuncture points discussed above:

1. extending the conventional coordination mechanism of regulation and markets to *collective action arising from shared awareness and common will*;
2. creating a new class of *property rights* that allow us to put a price on the use of natural, cultural, and social commons;
3. creating a new class of *economic human rights* that include basic income and access to health, education, and entrepreneurial opportunity for all;
4. designing a *better-balanced financial system* that shifts the oversupply of money for ventures that yield high financial and low social return to the currently under-funded sector that creates high social-ecological and low financial returns;
5. redirecting public and private investments into transformation-critical technologies such as *green* and *social technologies* and designing intellectual property rights in ways that maximize their benefit to society;

6. reinventing education and leadership learning such that they facilitate *learning from the future as it emerges* rather than being limited to downloading and reproducing the discipline-based knowledge of the past
7. reinventing public conversation to reintroduce the oxygen that we need to *deepen the process of democracy*.

It sounds like a lot. But all of these things are already in the making. What they're not doing yet is mobilizing more collective action behind them and being leveraged as a set of interrelated acupuncture points. I use the term *acupuncture* because in traditional Chinese medicine you try to activate the resilience of the bodily organism as a *whole*. That is similar to what we need to do for the collective social body, the social field. Working to heal and evolve the collective social body is even more interesting and challenging than working with the individual human body because, among other things, we are co-creating it moment to moment. The so-called laws or invariances of economics and social science are not like those of science and nature. The "laws" of society are determined by people's awareness, and as their awareness changes, so can their behavior and the laws that govern it. Which brings us back to the blind spot: the quality of consciousness that we share as human beings.

Viewed from this angle, science appears to be another "Detroit" that needs to be revived. While the main focus of conventional scientific activity in economics and the social sciences has been on discovering and describing laws and invariances (and thereby freezing the status quo in society), we at the MIT Green Hub and the Presencing Institute believe that the essence of scientific activity in our age should be *to identify and transform the invariances* in human behavior³¹—that is, to investigate the conditions that will allow us to evolve and change the patterns of the past. That is what the proposed g.school would be about. As envisioned, the g.school will apply a form of action science that serves and supports the great global transformation that we are living at this moment. Its curriculum will be practical because it is grounded in action learning that is connected to a global network of profound social change initiatives. And it will provide a personal and at times even spiritual experience because it will link the practical change work in the field with inquiry into the deeper sources of our humanity—who we are as human beings and what future we collectively want to create going forward.

³¹ Johan Galtung (1977), *Methodology and Ideology: Theory and Methods of Social Research* (Copenhagen: Ejlers).